

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-03 FRB-03 OMB-01 TAR-01

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TAGS: EGEN UNCTAD

SUBJ: UNCTAD: COMMODITIES - FIRST INFORMAL MEETING WITH GROUP B
ON INTEGRATED PROGRAM.

1. FIRST OF SERIES OF INFORMAL MEETINGS WITH GENEVA REPS OF GROUP B MEMBERS HELD THIS MORNING PRESIDED OVER BY CHIDZERO, CHIEF, COMMODITIES DIVISION. STATED WOULD BE OTHER INFORMAL MEETINGS AT LATER DATE, AS WELL AS CONSULTATIONS WITH FAO, IBRD, IMF AND SPECIALIZED COMMODITY BODIES. HE EXPECTS TO COMPLETE DRAFTING OF DOCUMENTS FOR 3RD SESSION OF COMMITTEE ON COMMODITIES BY THIRD WEEK IN SEPTEMBER AND MADE AVAILABLE COPIES AT THAT TIME IN ENGLISH IN ADVANCE OF TRANSLATION AND PUBLICATION. FOLLOWING DOCUMENTS EXPECTED: (1) MEASURES FOR INDIVIDUAL COMMODITIES; (2) COMMON FUND PROPOSAL; (3) COMPENSATORY FINANCING; (4) PROCESSING OF RAW MATERIALS AND PROBLEMS OF TARIFF ESCALATION; (5) STORAGE COSTS; AND (6) SUMMARY REPORT WITH "HEART OF PROPOSALS."

2. IN COMMENTING ON DOCUMENTATION, CHIDZERO STATED SECRETARIAT CONSIDERING SPECIFIC PROBLEMS RELATED TO 18 COMMODITIES, I.E. TIN,
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COPPER, IRON ORE, BAUXITE (ALUMINA, ETC.), COFFEE, TEA, COCOA,

SUGAR, GRAINS, COTTON, RUBBER, WOOL, JUTE, HARD FIBERS, BANANAS, AND MAYBE FATS AND OILS. CHIDZERO STATED HE FELT THAT THERE HAD BEEN AN OVER-EMPHASIS ON THE BUFFER STOCK CONCEPT AND AN APPARENT BELIEF THAT THE UNCTAD SECRETARIAT WAS ADVOCATING THIS APPROACH FOR ALL COMMODITIES. HE HAD IN MIND, RATHER, WHAT HE CALLED A "MULTIDIMENSIONAL" APPROACH WHICH COULD INVOLVE ONE OR MORE ELEMENTS FOR PRICE STABILIZATION, INCREASES OF PRODUCTION IN SOME CASES, DECREASES IN OTHERS, MORE RESEARCH AND DEVELOPMENT FOR USE OF NATURAL PRODUCTS, DIVERSIFICATION MEASURES, ETC. HE CIRCULATED COPIES OF THE SECRETARIAT RESPONSES TO QUESTIONS RAISED IN THE WORKING GROUP OF THE COMMITTEE ON COMMODITIES WHICH TOUCHED UPON MANY OF THESE POINTS (TEXT FOLLOWS BY AIRGRAM).

3. HE MADE VERY CLEAR SECRETARIAT DOES NOT CONSIDER PROBLEMS OF ALL THESE COMMODITIES SUITABLE FOR BUFFER STOCK OPERATIONS, OR EVEN NECESSARILY AMENABLE TO SOLUTIONS WITHIN THE VARIOUS ELEMENTS OF THE "INTEGRATED PROGRAM." EACH WOULD BE ADDRESSED IN CONTEXT OF FOLLOWING POTENTIAL MEASURES: STOCKS FOR PRICE STABILIZATION, EXPORT REGULATION OR QUOTAS, PRODUCTION CONTROLS, MINIMUM PRICE MEASURES, EXPORT TAXES, DIVERSIFICATION MEASURES, MULTILATERAL COMMITMENTS, COMPENSATORY FINANCING, ETC. STATED NOT LOOKING FOR ONE SOLUTION FOR ALL COMMODITY PROBLEMS, BUT ESTABLISHMENT OVERALL PRINCIPLES AND OBJECTIVES, AND STUDYING INTERACTION BETWEEN MEASURES FOR ONE COMMODITY ON ANOTHER. HE ADDED THAT UNCTAD DEFINITELY NOT THINKING OF HUGE UNCTAD BUREAUCRACY CONTROLLING AND PLANNING FOR ALL COMMODITIES, BUT RATHER MERELY PROVIDING A THEORETICAL CHAPEAU UNDER WHICH INDIVIDUAL COMMODITY NEGOTIATIONS WOULD TAKE PLACE IN EITHER UNCTAD OR IN OTHER APPROPRIATE FORA.

4. CONCERNING MULTILATERAL COMMITMENTS, THE SECRETARIAT DESCRIBED THEIR IDEA MORE IN TERMS OF ACHIEVING GREATER CONSULTATION ON THE MARKET CONDITIONS TO ACHIEVE GREATER MARKET TRANSPARENCY AND PERHAPS LATER INVOLVING SOME MEASURES FOR FORWARD CONTRACTING FOR COMMODITIES, BUT THEY DID NOT HAVE IN MIND ANY RIGID SYSTEM OF MULTILATERAL COMMITMENTS BY GOVERNMENTS TO PURCHASE PREDETERMINED AMOUNTS OF SPECIFIC COMMODITIES. REGARDING THE COMMON FUND, THEIR THINKING TENDED TO CENTER MORE ON A CENTRAL DEPOSITORY CONCEPT RATHER THAN ON ANY CENTRALIZED CONTROL OF BUFFER STOCKS WHICH MIGHT BE ESTABLISHED IN A VARIETY OF DIFFERENT FORA.

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5. U.S. DEL, AMONG OTHERS, EXPRESSED CONCERN OVER THE DETAILS OF BUREAUCRATIC STRUCTURE, SUGGESTING THAT IT MIGHT BE HELPFUL FOR THE UNCTAD SECRETARIAT TO SPELL OUT IN DOCUMENTS THE CONCEPTS EXPRESSED BY MR. CHIDZERO AND ALSO EXPRESSED CONCERN ON WHAT SEEMED TO BE AN IDEA PREVALENT IN G-77 CIRCLES OF DIFFERENTIATED TREATMENT OF PRODUCERS ON BASIS OF DEVELOPED OR DEVELOPING STATUS, AS WELL AS A TENDENCY OF G-77 TO VIEW THE INTEGRATED PROGRAM AS PRIMARILY A MEANS FOR THE TRANSFER OF RESOURCES. CHIDZERO STATED

AWARE OF THESE CONCERNS AND ALLOWED THAT HE HAD QUITE A BIT MORE CONVINCING TO DO WITH THE REPRESENTATIVES OF THE G-77.

6. CHIDZERO INDICATED THAT APPROACH WAS REALLY VERY MUCH ON COMMODITY-BY-COMMODITY LINES AND THAT HE HOPED THAT THE INTEGRATED PROGRAM, OR ELEMENTS THEREOF, WOULD SERVE AS THE BASIS FOR UNCTAD IV BEING ABLE TO DRAW UP A TIME-TABLE ON COMMODITY NEGOTIATIONS, EITHER WITHIN OR WITHOUT THE UNCTAD FRAMEWORK, WITH UNCTAD SERVING IN A COORDINATION ROLE.

7. IN GROUP B DISCUSSION FOLLOWING INFORMAL MEETING WITH SECRETARIAT, GROUP B DECIDED TO SEEK A FIRST REVIEW UNDER THE AUSPICES OF THE OECD TCWP ON OCTOBER 16-17 OF OUR POSITIONS VIS-A-VIS THE UNCTAD COMMODITY COMMITTEE RESUMED SESSION AND A SECOND COORDINATION MEETING IN LATE NOVEMBER.

8. COMMENT: IT SEEMS APPARENT THAT THE "INTEGRATED PROGRAM" IS BECOMING IN THE SECRETARIAT'S THINKING NEITHER INTEGRATED NOR A SINGLE PROGRAM. ONE MEMBER OF THE SECRETARIAT COMMENTED PRIVATELY AFTERWARDS THAT THERE IS GENERAL RECOGNITION OF THE COMMODITY-BY-COMMODITY APPROACH WITHIN THE SECRETARIAT, BUT THAT, UNFORTUNATELY, "THE INTEGRATED PROGRAM" HAD BECOME A CATCH PHRASE AMONG THE G-77, MANY OF WHOM HAD ACCEPTED IT AS A PANACEA FOR ALL THEIR PROBLEMS.
DALE

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